(c) to what extent such coin shall save the price of currency note paper?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Yes, Sir. The new Rs. 10 coin is expected to be introduced during 2006-2007.

(c) The exact saving in the price of currency note paper is not known. However, keeping in view the life of coin of about 15 years compared to 2 years average life of currency note, the coin of Rs. 10 coin will result in substantial savings.

Failure to Increase the FDI cap on Insurance Sector

647. SHRI MANOJ BHATTACHARYA: Will the Minister of FINANCE be pleased to state:

(a) whether the U.S. Ambassador to India has accused Government of 'breach of faith' for the latters failure to hike FDI cap in the insurance sector from the existing 26 per cent to 49 per cent;

(b) if so, the details thereof and factual position relating thereto; and

(c) Government' reaction in this regard and the steps proposed to be taken in this regard?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) and (b) The U.S. Ambassador to India while speaking at a Conference is reported to have stated, *inter-alia*, "India needs to raise the cap on Foreign Direct Investment (FDI) to attract capital for the industry. For some time there has been an understanding that the FDI cap will be raised to 49 per cent, and many companies entered the Indian market with this expectation. Failure to follow through in raising the cap is increasingly seen by investors as a breach of faith". While the US Ambassador has not accused the Government of India of 'breach of faith', he appears to have pointed out that investors are perceiving it as a 'breach of faith'.

(c) The Government of India does not agree with the reported view of the U.S. Ambassador. The insurance companies, licensed to do business in India, were fully aware that the FDI cap was 26% and no assurance was given that it would be increased to 49%. Besides, the cap on FDI in insurance is the subject matter of Parliamentary law and everyone is aware of the legal provision.